Coordination of Certificate Tracking Systems in North America

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About Center for Resource Solutions

4 Primary Business Lines:

- Clean Energy Policy Design & Implementation
- Measurement and Verification Services for RE and Carbon Markets
- Promotional Services: Product Labeling, Expert Assistance in Marketing



 Renewable Resource Assessment & Technical Assistance



Overview

- Overview of certificate tracking systems
- Why coordination is needed
- North American Association of Issuing Bodies (NAAIB): purpose and benefits
- NAAIB progress and updates

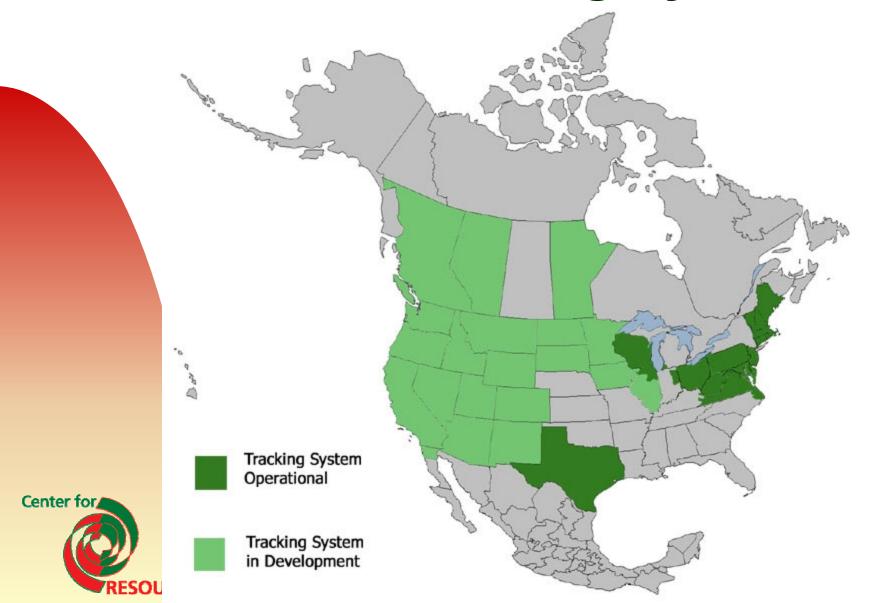


RECs Tracking Overview

- Analogy: Database operates as a banking system for renewable certificates
- Electronic system issues certificates for each MWh of renewable generation
- Tracks each certificate from "birth" to retirement



Certificate Tracking Systems



Overview of Tracking Systems

- Issue certificates to generators
- Validate certificate property rights through electronic accounting of certificate transactions
- Provide permanent retirement mechanism
- Protect against double-selling



Why Is Coordination Needed?

- Voluntary REC market is national & international
 - Enable REC transfers between tracking systems
 - Existing tracking systems don't currently have functionality to allow inter-regional transfers
- RPS market increasingly becoming regional in scope



Why Is Coordination Needed? (cont.)

- Compatibility: Ensure RECs are based on common verification practices and data sources
- Avoid double-counting during interregional exchanges
- Reduce seams in states bisected by existing tracking systems or able to participate in multiple tracking systems
- Provide infrastructure for national RPS



North American Association of Issuing Bodies

- Voluntary association
 - certificate tracking systems (aka Issuing Bodies or IBs)
 - regulators
 - interested market participants



Mission of NAAIB

- Mission: Create a forum for coordination and cooperation of certificate tracking systems in North America
 - Promote compatibility among tracking systems
 - Address market problems
 - Facilitate a common understanding and consistent treatment of RECs



Proposed Functions

- Facilitate the creation of voluntary standards and protocols
 - promote compatibility
 - existing and emerging tracking systems
- Convene IBs on regular basis
 - discuss common issues
 - develop voluntary standards
 - resolve common problems
- Maintain aggregated generator database



Proposed Functions (cont.)

- Establish guidelines and process for resolution of discrepancies between IBs
- Maintain library of "best practices" and "how-to" resources for emerging tracking systems
- Issue reports of aggregated REC market activity
- Coordinate with GHG registries, international IBs



NAAIB Progress Report

- 2002-2003: CRS hosted meetings to refine the concept with US, Canadian, and Mexican stakeholders
- 2004: Fundraising to launch NAAIB
- January '05-present: Drafting organizational by-laws and preparing legal documents for incorporation
- April '05: Convened working group of IB and regulators



NAAIB Progress Report (cont.)

- Working group of IBs and Regulators:
 - has met 4 times since April
 - Currently meeting monthly
 - Developing a consensus paper of "Best Practices for Preventing Double Counting"
 - Developing parameters for North American Generator Database
- November '05: Officially launch NAAIB



Next Steps

- Circulating "Double Counting Best Practices" for stakeholder comment
- Creating protocols for transferring certificates between tracking systems
- After incorporation, soliciting formal participation from tracking systems and stakeholders
- Invite stakeholders to provide comments on protocols



How You Can Help

- Participate in our stakeholder advisory committee
- Contact the tracking system operator in your region



More Information on NAAIB

 http://www.resourcesolutions.org/policy/naaib/index.htm

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